Production Tax Credit Extension, Process, and Impacts
February 20, 2013

Coordinator: Good afternoon and thank you all for standing by. At this time, all parties are in a listen only mode. Today's conference is being recorded. If you have any objections, you may disconnect at this time. I'll now turn the meeting over to the National Renewable Laboratory person, Mr. Ian Baring-Gould. You may begin.

Ian Baring-Gould: Great. Thank you so much and welcome everybody to another Wind Power America webinar. This one, excited to say, is focused on the production tax credit extension, its process through that kind of development, and then what the impacts can be on the industry based on what we know thus far.

We're very honored and lucky to have two speakers—one, Paul from the American Wind Energy Association, and then John Chase from Vestas Wind Systems, both of which have been in the heart of this dialogue in Washington and know the ins and outs of the production tax credit extension work as well as where it stands.

So very excited to have both of their input and the information that they have. As we typically do, we're going to have a question and answer at the end of both presentations or both discussions. That's done by typing questions in and then I'll moderate those questions.

If you go up to the top of your screen, there's a little Q&A. You can hit that and type in a question and we'll get to those at the end. So without further ado, I'd like to introduce our first presenter and that's Paul Holshouser from the American Wind Energy Association.

Paul has worked at AWEA as the finance policy manager since 2010 basically covering the financial related policy and analysis tasks that AWEA does for its members and then provides as a service to all of us.

The policy focus is included tax credit analysis, financial derivative regulation. I should know that word at this point, shouldn't I? Financial regulation, investor options, all of this for renewables. Prior to his time at AWEA, Paul worked for Wachovia as a risk officer, specifically looking at Wachovia's wind division in tax equities, so lots of experience. He comes to us with a B.S., B.A., and an MBA both from the University of North Carolina Chapel Hill. So Paul, bring us up to speed on where the PTC stands.

Paul Holshouser: Thank you Ian and good afternoon to everyone. Ian asked me to come up here with John to talk about how we got it done regarding the production tax credit as well as the accompanying ITC, to look back a little bit and to look forward as to how it is impacting the industry and what we can expect for wind.

So the first thing that we really are in the middle of our process right now shortly following getting the extension in January is to look back at how we got it done. It took a pretty tremendous mobilization of the industry and we really appreciate all of what it took to get this most recent extension.

We really do feel like we successfully mobilized everyone that is involved with wind and that definitely has to include lots on the phone. I know that we spent a lot of time on the phone cold calling, getting folks to come up on the Hill and surely, it's pretty certain that many of you heard from us quite a few times over the past year.

Looking a little bit backwards at that timeline, the most recent cycle started with our Lobby Day and just to give you a bit of a sense for how large the effort was that we were able to put together with our industry professionals, is when we were meeting in February, we were able to pretty much swarm Capitol Hill, put ourselves in the offices of almost 250 folks in the senate the House.

And one of the things that we've been hammering and hammering away really for about two years now is the need for business continuity. All of you are probably really familiar with what we call the Boom-Bust Chart where the timing of PTC extension has been a very important factor in whether or not our industry is able to develop wind farms and we were up on the Hill all last year saying this is something that is really important to us.

It has always driven our business cycle and more important than ever, based on the last several years and the last decade of success, now unlike in 2002 and 2004, we have a significant jobs base that was not previously local here in the states.

So with approximately 75,000 jobs, as much as half of those in manufacturing, the need for business continuity was even more important than ever unless our policymakers, you know, wanted to be really not taking care with the jobs that we built up.

Along the path—and John will remember this as well—of 2012, we saw a few bills that sort of came and went and the PTC itself, if it were a standalone item, had very strong bipartisan support on the Hill. We felt like we had the appropriate vote counts at every step along the way throughout the year that we could get a majority of votes in the house and over 60 in the senate, thanks in large part to the fact that we do employ a lot of capital and a lot of labor in red as well as blue districts.

So while the headlines can sometimes feel partisan, we do have, at that point, 80% of our wind farms were in the Republican districts and 64% of all Republicans had either a manufacturing facility or a project in their district so we did have a bipartisan constituency base.

That finally produced some fruits in August when the extenders package was passed in the senate financial committee and that language was released. In the senate finance committee, we saw two major changes that modified our existing production tax credit.

One of those was the eligibility rule change that said when previously a project had to be placed in service by the end of the year to be eligible for the production tax credit, that language changed to commence construction.

And the other major change was that in lieu of PTC, a 30% ITC could be elected. Both of these changes reflected language that we have some familiarity with based on the recent (603 program) because that program did implement an ITC election in favor of the PTC, also authorizing a grant in lieu of that ITC.

The grant program also used a commence construction test for the final eligibility. One thing that we generally like to note for our market for those trying to understand the difference between the production tax credit, which rewards projects on the basis of electricity delivered to the grid, and the investment tax credit which rewards projects—it's a tax credit based on the cost of the project—is to know that there are a few general areas of the market that have a strong preference for the investment tax credit.

The community wind segment is one of the largest proponents of the investment tax credit. This is generally due to the fact that the projects are smaller and the ITC is far simpler to finance than the production tax credit.

The offshore wind sector also favors the ITC. And that is a product of the fact that costs of installation in the water are significantly higher, so then that is combined with some more uncertainty around the production that the wind farms and the ocean water will produce.

The final thing, there are wind farms in the general onshore U.S. market that favor the investment tax credit and those tend to be projects that can otherwise get built but happen to have a relatively low capacity factor. That tends to favor the investment tax credit as well.

So when the senate finance committee language was passed in August, we ended up waiting until the very, very end of the year for that language to become law but we were able to succeed and get it passed. I like to note, as a sample of our wonderfully functional government that the American Taxpayer Relief Act in 2012 actually passed in January 2013.

We felt like it was a pretty big win that this particular senator’s package did us that within the finance committee language. It was something that we had to fight hard for up until the last minute. Now as we have received the new language, we have had it passed. There are two key modifications. We have heard from our members that that language matters, partly because a straight one year extension that did not change the place in service standard would have been fairly ineffective for our industry because it would not have offered enough of a planning horizon for really very many projects at all.

In contrast, having the under construction test actually allows a lot of our companies who had projects that are, at some position in the planning, they can pull those projects back and start to look at them again and they have the entire year, 2013, in order to qualify for under construction because the new extension goes to the end of 2013 with under construction as the test.

And we've heard that from a relatively broad base. Folks are talking about these things or the changes spurring, reviving projects that previously were considered shelved. They haven't necessarily reported commitment of capital or contracts being signed but what they're discussing is the renewed negotiation of contracts that could be signed.

And this is something that, based on the fact that we're still in the first quarter and the timing of the year, this is something that is pretty optimistic for us because that is the response we wanted.

Here at AWEA, we do still have quite a bit of work to do related to the PTC extension and implementation and basically our big task now is to make sure that the extension is actually adhered the way that we need it to for our industry to succeed because the senate committee language that extended us credit changed the eligibility requirement but did not set out super specific criteria for what it meant to have commence construction.

So we have that language and now we're working with the appropriate agencies to confirm that they issue rules and guidance that will fit our industry the best. Because the production tax credits for the ITC are filed in tax reforms at the end of company's year, that isn't something that the IRS will ultimately renew and in this case, the treasury, there's a group in the treasury that will have the final say on how these rules should be interpreted.

We have seen prior guidance in the number of cases that would apply. There have been rulings on the PTC over the years. And we also have recent experience through the (603) program on exactly how they have interpreted an under construction test and what constitutes the meaningful start of construction.

So we think we have, you know, a window into their thinking. Unfortunately with the case with our government and with the IRS, we will not have certainty until they actually issue that guidance and that notice.

One example of this question is when you think about what constitutes meaningful construction, there are multiple tests including physical construction, which means that there needs to be physical evidence of construction at the site that continues in a generally uninterrupted process or in several cases, they allow a safe harbor test which would require that a certain amount of your project cost be incurred by the eligibility date.

So the choice here for the Treasury would be, do we require that you prove you started to break ground by January 1, 2014? Or do we simply require that you can prove that you spent a certain amount of money by 2014? Because these safe harbor tests draw a numerically verifiable line in the sand, the industry generally prefers that.

Another big question for us is that we're now waiting on these rules and we only have the year 2013 for these rules to be in place. So it is important that we get the rules as quickly as possible. We think that they may come by the end of March but that could slip and we have, as a precedent, the last time major changes were implemented to our policy support, it was under the Stimulus Act when the (603) grant program was put into place and that took five months.

So in that situation, we had a few years. And this situation we only have one year so we have been aggressively communicating the need for a quick ruling on that.

When we talk to those agencies on the Hill, a few of the things that we are stressing really boils down to the legislative intent of the finance committees write up. When they made their rule change, they also issued a report that explained the thinking of the legislators.

And whenever they provide that legislative intent, it is generally the duty of the IRS and the Treasury to follow legislative intent and that report specifically says that the extension was expected to increase project development and that the rule change and eligibility was designed to reduce business uncertainty for projects trying to qualify.

So, you know, it's our view that it's pretty clear legislative intent provides a roadmap that, one, that guidance needs to be issued quickly. And then, number two, since we do have a fairly well understood working model that the government understands and that our companies understand, that we should rely mostly on prior guidance that can be implemented very quickly and fits the renewable energy sector. So those are my talking points and happy to turn it over to John now.

Ian Baring-Gould: Great. Thank you so much, Paul, for that kind of overview of what it took to make it happen and then where we stand right now. Our next speaker, John Chase, is going to provide us with the kind of more industry on the ground perspective of what the process but also what the PTC means or the passage of the PTC means.

John is the vice president of public affairs at Vestas Wind Systems and we all know, Vestas is one of the biggest—if not the biggest—wind turbine manufacturer and deployer in the world and has a very large stake in the game with over 2000 employees in manufacturing and sales here in the US.

And so clearly, when we talk about the PTC, whether it goes forward or not, clearly lots of impact at Vestas and clearly a strong vested interest—no pun intended—to see things go forward.

John is based in Washington, D.C. and joined Vestas in 2009 and leads all of the federal policies activities for Vestas with a focus primarily on issues that promote and provide market opportunities for the company and the wind industry in general.

John has been working in Washington for a very long time, since ’92, where he spent a number of years working on Capitol Hill both for the House and the Senate as a legislative aid in multiple areas but covering a lot of the different areas that we’re talking about here—energy, environment, tax, budget issues and the like.

He left the public sector and started working at AWEA back in 2000 where he worked in legislative affairs and then in 2007 joined a law firm, (Ellison) and (Boyd) —and (Byrd), sorry—and then, as I mentioned, moved up to Vestas in 2009.

John holds a B.A. in political science from the University of Maine and an M.A. in government from John Hopkins and a J.D. from the Catholic University Columbus School of Law, so a very broad degree base there and a great amount of experience. John.

John Chase: Thanks Ian. Appreciate that. That bio makes me feel very old, so hopefully...

Ian Baring-Gould: Or very productive—one of the two.

John Chase: It's also not much of a badge of honor to have worked on I think the previous ten PTC extensions. It shows you that since 2000, that the PTC has been really important issue for the industry but also that it's been very short term in nature, so we've been constantly having to go back and get it extended, and we'll push for an extension again.

And as you know, Paul talked a lot about certainty and market certainty is a really important issue especially for manufacturers. We really like market certainty so that we can plan ahead especially when you're making large investments like manufacturing facilities.

And as you know, Vestas did invest in four manufacturing facilities in Colorado beginning in 2008. And those are all now completed. And really the primary opportunity was that window we had when the PTC was in place and then the IPC ran as an alternative as well, which created that window of three, four years of certainty that then allowed us to make that decision.

And it's hard to do that when you have one and two year extensions and any uncertainty in the market obviously creates that tentativeness as to whether you can make that kind of investment. And we invested over a billion dollars in Colorado I know.

And we appreciate the work that NREL does in the state as well and across the country. I remember the Wind Powering America group from the heydays and early in this decade when we used to do work with them and Larry

Flowers, who is now at AWEA, but did a great job with that group. So I'm glad you guys are still pushing these issues and working hard for the industry.

I've got a couple slides here just to talk about Vestas in brief and then we can talk about some of the other issues. And Paul did a pretty good overview so I'm not going to go into a lot of detail about the guidance other than it's really important and I think that Paul clarified that.

It's another certainty issue and we're working on making sure that gets out. I think we're going to see something and we're making sure that those activities are moving forward.

You know, Vestas has been around for a long time. I had a slide which started out—the company name was used since back in the 1800s. They used to do a lot of different things in agriculture. They became a wind company and then they've been growing pretty significantly since the '80s and '90s.

They've actually been in the U.S. since I think 1989 when we sold turbines here. And then we did our first manufacturing in 2008, so that tells you how long we were here before we actually could invest in manufacturing. That's really because of the—there just was not a lot of clarity in the market.

Our efficiencies, we continue to work on that every day. It's really important that our turbines are more efficient and deliver better cost of energy for our customers. We work really closely with our customers, obviously, to make sure that we're delivering a product that works for them.

We have 19,000 people employed worldwide. That is down a bit over the last few years. We have seen some layoffs in the industry. Globally, the wind industry has contracted a bit. So we've had to tailor some of our activities to meet that need, so we're down a bit but we still have 19,000 employees which is quite large for, you know, a wind company.

That's all we do is wind, so we're not out there selling other issues. We are wind only. There 22,000 turbines that we monitor, about 38,000 megawatts. We do this every day, all day.

And then 46,000 turbines are sold in 69 countries. So we're pretty global. The U.S. is obviously a huge market for us and one of the top markets. This is our global footprint just so people know that we're not just based in Denmark.

You know, that is where our headquarters are located but the markets in Scandinavia aren't as large as they are in other countries. So you see we have broadened quite out there. You see a lot in China, a ton in Europe, and then North America, with most of it focused in the United States, although we have some sales arms in Canada as well.

And we're looking, obviously, at Latin America, South America and other regions, Africa, et cetera. We have a pretty strong presence in Australia as well. So, you know, this is a big global company and the U.S. is an important market and as you can see, in this next slide, this is kind of where we are here in America.

We have over 13,000 megawatts, 14,000 turbines and so roughly 2,500 employees. That includes everybody from manufacturing to our sales and service operations, siting—I'm sorry, service—transportation, et cetera. So it's broad. Most of those service offices are where our project based, you know, a couple people on site.

There I am, that purple one in Washington, D.C. That'll be one person. That would be me. I'm surprised to be on the map. And then you see our headquarters—our sales and service headquarters in Portland, Oregon. That's the red dot. And then our manufacturing facilities is the yellow dot in Colorado. You know, we chose Colorado for a lot of reasons. Transportation is one of them with rail. The state obviously offered, you know, a great opportunity to come to the state and it was very influential. And it's a good place for us to do business. It has a great workforce. And that's really the primary reason why we're there. So that's really all I have for the slides. I wanted to give a quick Vestas overview.

I think in terms of the market, I know Ian wants me to touch a little bit on going forward. I think, you know, we knew that PTC extension coming pretty late in the year that it did, actually it wasn't officially extended and signed on the line until January 2nd of this year.

So we kind of knew where 2013 was going to go because there's a lag time when there're orders placed by developers. So we see that we kind of knew where the 2013 market went last year because most orders would go in, you know, 12 months in advance or so.

So really when the PTC came through, you know, it was more going forward. The under construction language and the commence construction that Paul talked about was really critical to get that into the legislation because it allowed projects as long as you met the requirements and then you submit the bid from the (603) program and then you can place those turbines in service the following year or more considering if there's a deadline or not.

So where you see that, you're going to see a lot more activity. There's a lot going on right now in the industry, there're a lot of activities but that guidance is pretty critical to get that out, because again, certainty, knowing what you need to do to get stuff in by the end of the year, those types of things.

So that's why it's so critical going forward. We work at it hard here, just trying to get those specific rules out. I think, you know, as Paul mentioned, we have experience, there is guidance out there from (603). We'd like that to carry over as much as possible.

There are differences in the tax code that we have to deal with. I know that some of the issues that'll come out. As I said, they're kind of pushing for somewhere along the lines of the next month or so to get something out and we'll keep working on that.

In terms of immediate impact, I'm not sure, people in Colorado may have seen this but we do have a new order placed in early-mid-January at our tower factory and that is on separate towers. It's not on order for the entire turbine.

But we've been looking at different opportunities for towers in the United States so we had an order placed. We put out for 100 new jobs and we're out there still working to get those people involved and bring those additional people in. It's a pretty big, significant push for our tower factory.

And that order was placed after the PTC was extended so that was a pretty immediate impact that we saw. So that's important for our tower factory. And we'll be seeing a lot more activity and orders coming in once we get clarity on the guidance.

That's kind of what I had. I'm happy to answer questions. I have to leave in about ten minutes. I want to let folks know that just so people know, but if there are specific questions either Paul or I can take them and Paul can manage if I'm no here.

Ian Baring-Gould: Great. Thank you so much, John, for that quick overview. People have been sitting on their hands literally and figuratively, so please, again, go up to the Q&A and type in your questions. So to kind of feed the discussion, a question for you, John—how do you see a one-year PTC extension of the Safe Harbor clause or however that is, impact how you, as an OEM, your company as an OEM, handles the kind of—the rush that'll get for orders and then the complete drop off or orders, kind of like a rat in a boa constrictor? And these one year extensions repeatedly throughout the last ten years, how does a company like yours look at that and handle that?

John Chase: Right, well, we certainly have experience with it, having dealt with it. Like I said, there was a pretty good run there where we had some consistent policy in place and since, you know, we put in manufacturing during the timeframe.

So, you know, I mean, you have to plan and balance going forward. One year, obviously with the commence construction, obviously changes the dynamics a bit. It's not a pure one year, you know, placed in service so that, you know, this will create more of a market, so it's a definite positive going forward having that language in there which, at least in place of the service aspect, will allow projects to come in and lead the guidance. Had it been just a one year straight, you know, I think it would've been a lot more difficult to manage.

Ian Baring-Gould: Great. Thank you. Another question for you, John, since we have you on the phone, and I know that you can't talk about kind of specific sale orders and things of that nature going into the future. You can't address those in these talking points.

So please, if we push a button, just let us know. A question specifically relating to Vestas is, does Vestas finance its own projects or is it typically using third party financing? And if it's third party, how does the PTC cause issues with obligating funding?

John Chase: Right, well, I can answer that one pretty easily because Vestas is pure manufacturing. We don't own projects so we actually don't claim the PTC at any time. We are basically a provider of wind tubines to developers or our customers and they go through that process of claiming the PTC.

If you understand Section 45, which is a tax credit, you have to be the owner or operator of the facility to claim the tax credit. Since we don't own or operate any wind turbines, we don't claim the credit in any way.

Ian Baring-Gould: Great. A question for both of you in regards to how likely is it that the PTC will drop off the table a year from now? And then also, given the Safe Harbor clause or whatever it ends up being, how important do you think it's going to be that we have an extension before the end of the calendar year?

John Chase: Do you want to go first, Paul, or do you want me to answer?

Paul Holshouser: Well, I'll go after you.

John Chase: Let me try to address it quickly. I think I got the second part but the first part, can you repeat that again? Sorry.

Ian Baring-Gould: Yes, how likely do you think it is that we'll have a PTC extension this year? And that might be more of a question for Paul about what AWEA is doing to win that. But then how do you think that is going to change things?

John Chase: Sure. Yes, I think this process is going to take place in congress in regard to tax reform and other issues, that are going to be addressed that could allow for tax extenders which are—remember, there are a lot of other tax credits that have expiration dates the same as the wind PTC and there're about 100 of them. They're all in different technologies.

They call those kind of extenders which is a little bit of an inside Washington term but, you know, those are intended to go as a group and each time they've been extended, everything's kind of been included although they start looking at some modifications.

I think it's too early to tell if it's going to be that sort of legislative vehicle coming through this year and there's going to be a lot of talk about tax reform, et cetera. So I think it's a little too early to say how that's going to work out. Obviously we'll be looking at any opportunities we can to address the PTC.

Paul Holshouser: Well, I think coming from the AWEA point of view, the likelihood of expiration—I mean, what we're doing now really is a frank and direct fact that we are mostly focused on these implementation rules because they're so important and they're necessary now.

But if you go back, say, into that same Senate committee report, you know, the lawmakers, some of them support green energy completely and some of them are reluctant supporters and you'll see comments like, they would like to see a change from subsidies but they recognize that it is unfair to single out wind and let wind become the only energy technology without some form or tax relief.

And we think that view will hold, and if it comes to that where the end of the year comes and if we don't have tax reform and the other energy technologies haven't been brought to the table, that it'll be pretty clear that it is pretty unfair for wind to be the only energy technology, period, conventional or alternative, that does not have tax relief.

I think the second part of the question was the timing of it, and John hinted that with the extenders package other tax extenders would not have, you know, a significant change from when those bills come to the floor, so we would expect that to be subject to similar timing as this year but as far as trying to track the timing of the bill and it's probably further out than we are trying to speculate now.

Ian Baring-Gould: I've heard some people coin this as an, in reality, a 2-1/2 year extension because of the under construction clause. Do you think that would be accurate?

Paul Holshouser: You know, I think that the 2-1/2 year kind of thinking probably resulted from the fact that the CBO score treated it like a 2-1/2 year extension but when you read that report, they actually said that they anticipated a rush to develop projects that would cram in 2-1/2 years of development. They didn't say that it would function for 2-1/2 years.

So, you know, when you look at our project development cycle, how long it takes to build a project, once you begin construction, you're talking about generally less than a year, something like six to nine months.

So we don't think that it'll be frequent or it won't be common that a project would start construction by the end of the year and then take another year and a half from there.

Ian Baring-Gould: Great. Thank you. A question for you, John, before you hop off, or at least one more directed at you—what is Vestas's feeling in regards to offshore wind development in the United States?

John Chase: Well, if you look at our company globally, we have a strong interest in offshore and, you know, we are following it and looking at it very closely here in the U.S. and if opportunities arise, then we're certainly going to be active in that.

I know that, you know, how these rules come out in the IPC, et cetera, which is preferable for offshore developers to claim as opposed to the PTC, will play a role in that, but we're active in that. I think in terms of our offshore interest, et cetera, we're heavily engaged in that especially at a global level but also tracking here.

Ian Baring-Gould: Okay, and then one final question before you—I think you have to drop off—what is the outlook for manufacturing for the next few years given that we have this PTC extension but from a kind of corporate standpoint, what is the manufacturer thinking?

John Chase: Well, I think, you know, from our perspective, the PTC was extended out as extremely positive so we know there's going to be a continued market for wind in the U.S. and we'll be actively pursuing that. We work really closely with our supply chain.

Being here in the U.S., we work extremely hard to bring in as many U.S. suppliers as possible. There're thousands of pieces in a wind turbine and we want to work with as many people here in the U.S. as we can. We have suppliers in over 40 states that we get those from.

And then obviously they need certainty too, so it's very critical from the manufacturing side for that. In terms of new activity, to report on that, I mean, we've got obviously with our investments here we're very committed to the U.S. market.

Ian Baring-Gould: Great. Thank you John. And I know you have to hop off, so got a few more questions for Paul here. But just...

John Chase: Appreciate it everybody.

Ian Baring-Gould: Yes, thanks a ton.

John Chase: Thanks.

Ian Baring-Gould: So Paul, a few more questions for you. Can you address the needs for the long term, kind of the long term PTC? Kind of in the fall, we had announced the five year ramp down in PTC and I'm not sure if that is kind of a formal AWEA message. But where do things look at going long term?

Paul Holshouser: Well, one thing that we have been consistent about is that need for certainty. And, you know, John mentioned something that really hinted at that which if you look at the growth in the wind market, it really exploded after 2005 and that it doesn't coincide. It's partly driven by getting a multiyear extension in the 2005 Energy Policy Act and then another multiyear extension in the Stimulus Act in '09.

So we could really see that, not only does product or does the development really fall off when it expires, but as soon as the industry was given anything resembling a multiyear horizon, we took off.

We’ve been delivering that message for a while now and generally, the legislators on the Hill, the policymakers understand that, although the best we can do is get the change in language. We couldn’t get them to push for a further extension.

And, you know, as you know the budget situation is very difficult right now and we just have a challenging congress to work with in general. We don’t think that there’s a very fast horizon for a long term extension. The only chance that we see for a multiyear extension in the near future would be a tax reform environment.

That’s the kind of situation where you could have a multiyear policy framework enacted and most recent trends are away from tax reform in 2013. It just doesn’t seem like it’s as likely that we’ll have tax reform this year as it seemed a year ago.

You referenced the press release from last year which was a six year phase down plan and, you know, frankly that was a project that we put forth that was aimed at a tax reform discussion. It was a proposal that AWEA endorsed because specifically we do not endorse becoming the only energy industry without tax relief.

If you look closely at that document, it talked about if there is tax reform with other energy industries coming to the table, that the wind industry will be a willing partner to help solve our budget issues, to level playing fields and to put everything on a footing that does go to the energy sectors and some long term certainty, and, you know, disarms the talking points of one sector versus another. But right now, we’re only given the prospect of being the only energy sector to expire. And that’s not something that we support.

Ian Baring-Gould: Yes, you kind of took—my following question was understanding that the PTC has always been and was enacted initially as a playing field leveler for wind, do you see the final solution an elimination of all incentives or subsidies for the whole energy sector?

Paul Holshouser: Well, that would be the alternative to actually leveling the playing field as opposed to, you know, proposals that aim to do that but only target one sector or two sectors and, you know, the current debate tends to talk about wind subsidies or solar subsidies and not talk about the others.

Like I said, tax reform has appeared to back off a little bit in the current beltway environment. It appears that tax reform has gotten harder in the past few months. But, you know, kind of trying to solve that issue in a relatively permanent way really won't happen outside of the tax reform environment.

Ian Baring-Gould: Great.

Paul Holshouser: So it's not clear that it's coming soon.

Ian Baring-Gould: Yes. It might be more of a Colorado thing but a lot of news, at least, was made locally by the efforts of Senator Udall in daily speeches on the floor in regards to the PTC extension. Were there any kind of—or can you say—people within the Senate and the House that made really strong efforts to move this forward?

Paul Holshouser: Yes, we definitely had great efforts from folks like Mr. Udall and, you know, not surprisingly for the last year, folks who were in swing states did become key champions. And also another thing is that folks who gave bipartisan support were important.

So we can Congressman Reichart sponsoring the four year PTC extension that had, you know, a lot of bipartisan co-sponsorship. We talked a lot about Steve King in Iowa. And thanks to folks like King and Udall in Iowa and Colorado, that the wind production tax credit made it into the presidential debate in Denver.

I personally think that it's quite extraordinary that a tax credit made a presidential debate. You know, that's something that we don't actually like to be in that situation. We would've rather it been passed drama-free well in advance.

But, you know those are issues that certainly help the cause and, you know, we felt like the support in states like Colorado helped advance our cause and make it even more popular than it otherwise would be.

Ian Baring-Gould: Great. We have one last question here, but we do have a few more minutes so if people have additional questions, please don't hesitate to type them in. Is there any real kind of estimated timeline in regards to Treasury's decision on what constitutes commence construction?

Paul Holshouser: Well, we are hoping that it will come, as I said, faster than the five month window that we had in 2009. We think that it could come as soon as the end of March. And one thing that we do know is that the parties on the Hill have received our messaging about there's a certainty they understand the case that we're making when it comes through relying on precedence that makes sense, that works for the industry, that works for the government.

And also on the importance of doing it faster rather than slower when the actual expiration date is coming up at the end of this year. So that includes, you know, the Treasury and the IRS talking with each other. That includes the folks on the senate finance committee who are in contact with those agencies saying, “Hey, this is why we wrote it that way.”

So it is the job of the IRS and Treasury not to undermine the legislative intent through the rules that they implement. So we know we’re delivering that message. We’re hopeful that they see our case as compelling. But, you know, will it happen by the end of March? You really don’t know that until they issue the rules.

Ian Baring-Gould: Great. We don’t have any other questions so I’ll follow up with the last one. And that is considering that things are still in process, where is a good location or a good source to get up to date information on what’s happening with Treasury and the IRS in regards to the PTC?

Paul Holshouser: Well, I think that it depends on, for folks on the call, how many of them are now are wind energy weeklies and things like that that you subscribe to, I think I probably have a fiduciary duty to direct you to our Web page for announcements that are important.

And, you know, we’ll continue to use our resources to publicize at events as well as the Web page so anything that is going to have a big impact, we’ll be publicizing there.

Ian Baring-Gould: Great, that was...

Paul Holshouser: I don’t think we link to other sites, so I think we just have to rely on our Web page for that question.

Ian Baring-Gould: Yes, that was kind of a softball, having you point to your website. So go to AWEA and then certainly Wind Powering America will provide information as we get it, but American Wind Energy Association has always been a great location to find information about current trends in the wind industry.

So we don’t have any other questions. We’ll give everybody a few last minutes here because I know everybody has a busy schedule. So quickly, just finishing up here, upcoming webinar, as always, the third Wednesday of each month at 3:00 Eastern.

The one that we have on the 20th is talking about the wind and water nexus so it kind of impacting the wind development on water use in the energy sector. Certainly last summer with a huge portion of the country under drought and here in Colorado, we’re facing an even worse year this coming year, so clearly water and energy is going to become an increasingly important element.

And as the climate changes, it’s not going to go away. And so discussions from people at Western resource advocates that have been looking at this quite a lot in the West and then the Wind Wildlife Institute looking at water issues in the East, so it should be a very good discussion on wind and how it plays in the water sector.

This webinar will be posted, like all of them, will be posted at the Wind Powering America website. It takes us about seven business days to get them up there. So if you know of people who weren’t able to make today’s call, please have them check back in here and they can listen through all of the discussions.

Lastly, want to thank the Department of Energy. They are the sponsors of Wind Powering America and, clearly, the sponsor of this webinar. You have our contact there if you have any questions. And then lastly, want to thank Paul for stepping up to give this presentation and then even though John’s not with us anymore, another thanks to John for providing us with this insight into one of the most important elements of moving the wind market forward.

So thanks everybody. We’ll talk to you all next month unless we talk to you sooner. Thanks again and have a great day.